

DEVELOPMENT AGREEMENT

THIS **DEVELOPMENT AGREEMENT** (this "**Agreement**") is entered into on this ____ day of August, 2012, by and between the City of Flint ("**City**"), a municipal corporation, whose address is City Hall, 1101 S. Saginaw Street, Flint, Michigan 48052, and Uptown Reinvestment Corporation, Inc. ("**URC**"), a Michigan nonprofit corporation, whose address is 519 S. Saginaw Street, Flint, Michigan, 48502. The City and URC shall collectively be called the "**Parties**."

RECITALS

A. Pursuant to a Transfer Agreement, substantially in the form attached hereto as Exhibit A ("**Transfer Agreement**"), the City intends to transfer to URC that certain property commonly known as the Genesee Towers located in the City of Flint, County of Genesee, and more particularly described in Exhibit B, attached hereto and incorporated by reference (the "**Property**"), subject to URC's undertaking, according to the terms and conditions of the Transfer Agreement, to demolish the buildings and remediate the asbestos on the Property.

B. URC is a tax-exempt public charity described under sections 501(c)(3) and 509(a)(1) or (2) of the Internal Revenue Code of 1986, as amended (the "**Code**"), that was organized and is operated exclusively for charitable purposes, including for the purposes of promoting economic growth, employment and development in the downtown Flint, Michigan business district and developing the downtown into an attractive area for business, employment and entertainment.

C. The demolition of the Genesee Towers building and the removal and remediation of the asbestos located on the Property will make a substantial contribution to the elimination of urban blight and the redevelopment of Flint's severely depressed downtown area, stimulating economic growth, employment and development in downtown Flint.

D. The City of Flint lacks the substantial financial and other resources necessary to accomplish the foregoing demolition and asbestos removal and remediation, and has asked that URC agree to do so and to obtain the necessary financing and/or funding required to complete such tasks.

E. Following the demolition and asbestos remediation, URC has proposed and intends to convert the Property to an urban plaza for the purpose of strengthening and revitalizing the community and economy. URC is also committed to facilitating the development of the Michigan State University Flint Public Health and Medical Campus and exploring various reuses of the former Flint Journal property (recently acquired by URC) for related Michigan State University programs, technology incubator labs, the relocation of the Flint Farmer's Market and other downtown revitalization projects consistent with the redevelopment activities referred to above.

F. The City has determined that this proposed development will further the public and charitable purposes of benefiting low income persons, creating jobs, revitalizing distressed communities and combating community deterioration and, to support such development, has agreed to apply for and use its best efforts to obtain funding pursuant to the U.S. Department of

Housing and Urban Development Section 108 Loan Program ("Section 108 Loan") to allow the City to contribute the amount of \$750,000 (the "City Demolition Contribution") toward the expenses of the demolition of the Genesee Towers building and the removal and remediation of the asbestos, as described in Recital C, above or, at the election of the City, to reimburse URC for a portion of such expenses.

G. The Downtown Development Authority of the City of Flint, a downtown development authority created pursuant to Act 197 of the Michigan Public Acts of 1975, as amended, and a public body corporate (the "DDA") owns two parking lots in the development area, more particularly described in Exhibit C, attached hereto and incorporated by reference (the "**Lots**"), which Lots would be useful to the proposed redevelopment.

H. URC has obtained, or has committed to exercise good faith diligent efforts to obtain, financing and/or funding in excess of \$30,000,000 for the redevelopment projects referred to in Recitals A and E, above, including over \$4,000,000 for the demolition and asbestos removal and remediation activities referred to in Recital C, above.

AGREEMENT

Accordingly, the Parties agree as follows:

1. **Mutual Understandings.** The Parties acknowledge and understand that they are entering into this Agreement in order to facilitate the development of the Property and the related Downtown Redevelopment Projects (defined below) and to promote economic development and revitalization in Flint's severely depressed downtown district.

2. **City Demolition Contribution.** If the City is awarded the Section 108 Loan, the City shall pay (or reimburse) the City Demolition Contribution to URC on or before December 31, 2013, or at such other date and on such other terms are required pursuant to the Section 108 Loan. In the event the Section 108 Loan is not approved within the time period provided in paragraph 7 below, URC may either waive this condition and continue to close and perform this Development Agreement, or may elect to declare a failure of this condition and terminate this Development Agreement.

3. **Downtown Redevelopment Projects.** Consistent with and in furtherance of its charitable purposes, URC shall complete, in a diligent and workmanlike manner, the following undertakings (collectively referred to as the "**Downtown Redevelopment Projects**"):

(a) To demolish all structures on the Property, including the removal and remediation of asbestos located on the property;

(b) To develop the Property into an urban plaza for the enjoyment of all citizens of the City of Flint, Michigan and, in the event the agreement pursuant to paragraph 6 (b) below is completed, to operate the Lots (and certain adjacent property) for related public purposes, of the type referred to in Recital F, above;

(c) To facilitate the completion of the development of the Michigan State University Flint Public Health and Medical Campus Project according to the timetable established by the parties involved in such project; and

(d) To explore the reuse of the former Flint Journal property, as set forth in greater detail in Recital E, above.

4. **Use of City Demolition Contribution.** URC shall use the proceeds of the City Demolition Contribution exclusively as described in Recital F above.

5. **Property Taxes.** URC and the City, through its tax assessor, shall mutually agree on the appropriate manner in which the property encompassed by the Downtown Redevelopment Projects shall be assessed for taxable periods occurring after the date of this Agreement in light of URC's use of the properties for public and charitable purposes and, to the extent permitted by law, shall provide to URC and the Property (and to the related Downtown Redevelopment Projects) tax abatement under Michigan's Obsolete Property Rehabilitation Act ("**OPRA**"), on terms reasonably acceptable to URC.

6. **Cooperation of Parties.** (a) The City agrees to cooperate with URC to facilitate the Downtown Redevelopment Projects, including but not limited to providing assistance to URC in obtaining all governmental approvals, permits and authorizations necessary to complete the Downtown Redevelopment Projects and comply with all relevant building and zoning codes. In the event URC elects, as part of the reuse of the former Flint Journal property, to relocate Flint's Farmer's Market to such property, the City further agrees not to promote or sponsor the development or operation of any other farmers' market (or similar endeavor) within the City of Flint until such time as URC permanently ceases to operate or manage (directly or indirectly) a farmers' market within the City of Flint, and URC and the City shall enter into an amendment to the existing Lease Agreement between URC and the City relating to the Farmers Market to allow URC to use such leased property for any public and charitable purposes of the type referred to in Recital F, above.

(b) The City shall also assist URC in negotiating a satisfactory agreement with the DDA under which the DDA would agree to convey, by covenant deed, all its right, title and interest in the Lots to URC, unless URC elects not to take title to the Lots based on the conduct of various due diligence activities, including without limitation, investigation of title, physical condition of improvements and environmental matters. The Lots would be required to be used exclusively for public and charitable purposes in support of the Downtown Redevelopment Projects.

(c) Furthermore, the parties hereto agree, from time to time, to enter into such other agreements as may be reasonably necessary to further effectuate the purposes of this Agreement.

7. **Conditions Precedent.** The City acknowledges that URC's ability to complete the Downtown Redevelopment Projects is contingent on: (i) URC's receipt of grants, credits, tax abatements, incentives and/or other economic assistance through, among other things, the Michigan Community Revitalization Program, in an amount reasonably deemed necessary by URC for performance of its obligations under this Agreement; (ii) the City and URC agreeing to provide tax abatements under OPRA on terms satisfactory to URC for the properties included within the Downtown Redevelopment Projects, including the Property and the Lots; and (iii) the approval of the Section 108 Loan within sixty (60) days from the effective date of this Agreement on terms satisfactory to URC (or the waiver by URC of this contingency). URC intends to secure such economic assistance as a source of funding for unfunded liabilities associated with the Downtown Redevelopment Projects, including the demolition of the structures on the Property and removal and remediation of asbestos. Satisfaction of the contingencies set forth in this paragraph are conditions precedent to URC's obligation to complete the Downtown Redevelopment Projects and, in the event such contingencies are not satisfied, URC shall use the City Demolition Contribution for such charitable and public purposes as URC determines appropriate, consistent with URC's purposes and any applicable requirements of the City.

8. **Delegation.** The City acknowledges that URC may carry out its obligations under this Agreement by or through its supporting organization, the Foundation for Uptown Reinvestment Corporation, a Michigan non-profit corporation, and by or through a single member limited liability company established by URC (in which URC is the sole member).

9. **No Assumption of Liabilities or Obligations.** Except as otherwise expressly provided in this Agreement or any other agreement entered into pursuant to or in connection with this Agreement, URC does not assume, and shall not be required to assume, any liability or obligation of the City or the DDA related to operation of the Property, the Lots, environmental law or otherwise, including, but not limited to liabilities or obligations based on tort, contract, breach of warranty, strict liability, governmental requirements, permits or other claims, liabilities or obligations of any nature.

10. **Headings.** The headings and captions in this Agreement are included as a matter of convenience and shall not be considered a part of this Agreement nor be used in determining the intent of the Parties to it.

11. **Severability.** If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a specific situation, is found to be invalid, void or unenforceable by a court of competent jurisdiction, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect.

12. **Entire Agreement.** This Agreement, together with any other written agreements specifically referenced in this Agreement, sets forth the entire understanding of the Parties and all terms and conditions with respect to the matters discussed in this Agreement, and supersedes

and annuls any and all other or former agreements, preliminary drafts, prior versions, contracts, negotiations, promises and/or representations, whether written or oral, expressed or implied, made by, for, or on behalf of URC and the City.

13. **Governing Law.** This Agreement shall be construed and governed in accordance with the laws of the State of Michigan without regard to its conflicts of law principles.

14. **Time of Essence.** Time is of the essence with respect to this Agreement and all matters set forth herein.

15. **No Third Party Benefits.** This Agreement is made for the sole benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, and no other person shall have any right or remedy or other legal interest of any kind under or by reason of this Agreement.

16. **Counterparts.** This Agreement may be signed in multiple counterparts, including facsimile or other electronic counterparts, with the same effect as if the signatures were upon the same instrument.

17. **Execution by Facsimile or Email.** This document may be validly executed and delivered by facsimile transfer ("Fax") or by electronic mail ("Email"). Any signer who executes this document and transmits this document by Fax or Email intends that the Fax or Email of their signature is to be deemed an original signature for all purposes. Any such Fax or Email printout and any complete photocopy of such Fax or Email printout is hereby deemed to be an original counterpart of this document.

(signature page follows)

IN WITNESS WHEREOF, the Parties execute this Development Agreement through their duly authorized representatives to be effective as of the date first written above.

Uptown Reinvestment Corporation, Inc.

Dated: _____, 2012

By: _____

Its: _____

City of Flint

Dated: _____, 2012

By: _____

Its: _____